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JAMES C. STRANCH, III
JANE B. STRANCH

June 28, 2005

JOE P. LENISKI, JR.
MARK A. MAYHEW
J. GERARD STRANCH, IV

*ALSO ADMITTED IN GA

Ms. Sharla Dillon
Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Via Hand Delivery

05-00173

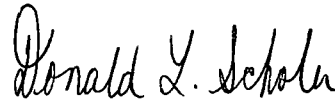
Re Petition of Lynwood Utility Corporation for Approval of and Authority to Borrow
Up to \$1,000,000 to Repay Short Term Indebtedness Pursuant to T.C.A. § 65-4-
109

Dear Sharla:

I have enclosed for filing an original and fourteen copies of a Petition of Lynwood Utility Corporation for Approval of and Authority to Borrow Up to \$1,000,000 to Repay Short Term Indebtedness Pursuant to T.C.A. § 65-4-109 along with a check for \$25.00 for the filing fee.

I have enclosed an extra copy of the Petition which I would appreciate your returning to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Tyler Ring
Jim Ford

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

**In re: PETITION OF LYNWOOD UTILITY)
CORPORATION FOR APPROVAL OF)
AND AUTHORITY TO BORROW UP)
TO \$1,000,000 TO REPAY SHORT)
TERM INDEBTEDNESS PURSUANT TO)
T.C.A. § 65-4-109)**

Docket No. _____

PETITION

Comes now Lynwood Utility Corporation (Lynwood) and files this Petition for approval of and authority to borrow up to \$1,000,000 to repay short term indebtedness pursuant to T.C.A. § 65-4-109. In support of its Petition, Lynwood states as follows:

1. Lynwood Utility Corporation provides sewer service in Williamson County, Tennessee pursuant to a certificate of public convenience and necessity issued originally to Lynwood Utility Company on June 14, 1976. Lynwood provides sewer service to approximately 725 customers.

2. On January 1, 2003, Lynwood entered into a Promissory Note with Tenn Contractors, Inc. for a line of credit in an amount up to \$1,250,000 with a maturity date of six months to provide short term financing for improvements to Lynwood's sewage treatment plant. Lynwood needed these funds to begin the immediate construction of upgrades to its plant required by an Order Granting Temporary Injunction issued by the Davidson County Chancery Court which enjoined Lynwood from continuing to operate its plant in violation of its NPDES permit issued by the Tennessee Department of Environment and Conservation (TDEC). A copy of this Order Granting Temporary Injunction is attached as Exhibit 1 to this Petition. This Order was entered in an action which had been filed against Lynwood by TDEC on May 23, 2002 for

violations by Lynwood of its NPDES permit in operating its sewage treatment plant. A copy of the Verified Complaint filed against Lynwood is attached as Exhibit 2 to this Petition.

3. Lynwood has borrowed \$980,000 from this line of credit from Tenn Contractors, Inc to complete the upgrades to its sewage treatment plant to bring the plant into compliance with its NPDES permit and with the rules and regulations of TDEC. The original Promissory Note which matured on June 30, 2003 has been renewed for successive six month renewal periods to finance these upgrades. The current six month Promissory Note matures on June 30, 2005.

4. Lynwood has made no principal or interest payments to Tenn. Contractors, Inc. on the line of credit. The principal balance on the line of credit is \$980,000 The interest amount owed on the line of credit as of May 31, 2005 is \$112,422.

5. Lynwood has sought long term financing from financial institutions and private investors to repay the amount owed on the short term line of credit Lynwood's financial consultant, James B. Ford, requested proposals from banks and private investors on behalf of Lynwood Mr. Ford's pre-filed testimony in support of this Petition is attached as Exhibit 3 to this Petition

6 Mr. Ford obtained proposals for long term financing from two banks and a private investor. Based upon the proposals received, Mr. Ford recommends that Lynwood repay its short term financing by a loan from Tenn. Contractors, Inc., a private investor. The stock of Tenn. Contractors, Inc. is owned by John Ring Mr. Ring is a 50% shareholder in Southern Utility Corporation which is the sole shareholder of Lynwood.

7. Mr. Ford recommends that Lynwood borrow up to \$1,000,000 from Tenn. Contractors, Inc. to pay off the balance on the line of credit. The long term financing from Tenn

Contractors, Inc. is more advantageous to Lynwood than the proposals received from the banks. The proposed loan from Tenn. Contractors, Inc. is for 20 years, not 10 years, which will not require a refinancing and additional costs at the end of the 10 year period offered by the banks and because it requires no pledging of accounts receivables which allows Lynwood to provide working capital to make any required additions to its plant and provide funding for any emergency that may arise.

8. The proposed long term note from Lynwood to Tenn. Contractors, Inc. in an amount up to \$1,000,000 to pay off the balance of the line of credit is attached as Exhibit 4 to this Petition.

9. Lynwood anticipates that the Authority will approve Lynwood's long term financing from Tenn. Contractors, Inc. as requested as soon as it can. Because Lynwood's current line of credit note matures on June 30, 2005, Lynwood anticipates that its line of credit will be renewed for an additional six month period. To the extent the Authority determines that it needs to approve the renewal of the line of credit for another six month period pending its action on approval of the long term financing requested in this Petition, Lynwood requests such approval in connection with this Petition. Attached as Exhibit 5 to the Petition is the current line of credit note which matures on June 30, 2005. The note for the renewal of the line of credit for an additional six month period will be identical in form to Exhibit 5.

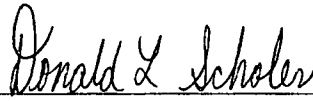
WHEREFORE, PREMISES CONSIDERED, PETITIONER PRAYS THAT THE
AUTHORITY:

1. Approve the issuance of a long term note to Tenn. Contractors, Inc. in an amount up to \$1,000,000 pursuant to T.C.A. § 65-4-109 to repay the short term financing of upgrades to Lynwood's sewage treatment plant from its present line of credit.

2 Approve, if the Authority deems necessary, the renewal of the short term line of credit from Tenn. Contractors, Inc. for an additional six months beginning July 1, 2005 until the Authority approves the long term financing requested in this Petition and the balance of such line of credit is paid off from such long term financing.

3. Have such other relief to which it may be entitled.

Respectfully submitted,



DONALD L. SCHOLES
BRANSTETTER, KILGORE, STRANCH & JENNINGS
227 Second Avenue, North, Fourth Floor
Nashville, TN 37201-1631
(615) 254-8801

Attorney for Lynwood Utility Corporation

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
 TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY RECEIVED

DEC 30 2002

Dav. Co. Chancery Court

STATE OF TENNESSEE, ex rel.)
 PAUL G. SUMMERS, in his official capacity)
 as the Attorney General And Reporter of)
 Tennessee and MILTON H. HAMILTON, JR.)
 Commissioner of the Tennessee Department of)
 Environment and Conservation,)

Plaintiffs,)

MATT and ANN DOBSON, MARTIN and)
 LAURIE CLAYTON, HANK and MARY)
 BROCKMAN, DR. DANIEL and LORIE)
 CANALE, BRENT and JANEL MAHER,)
 DIANNA MAHER, RON and DONNA TUTT,)
 and DR. BEN GRIFFITH,)

Plaintiffs-Intervenors,)

v.)

No. 02-1538-III

SOUTHERN UTILITY CORPORATION,)
 d/b/a LYNWOOD UTILITY,)
 CORPORATION and DAVIS LAMB,)

Defendants.)

ORDER GRANTING TEMPORARY INJUNCTION

Plaintiffs, State of Tennessee, ex rel the Attorney General and Reporter, and the Commissioner of the Tennessee Department of Environment and Conservation, filed a motion for temporary injunction under the Water Quality Control Act, Tenn Code Ann §§ 69-3-101 to 69-3-137, which came to be heard on December 20, 2002 before the Honorable Ellen Hobbs Lyle. The plaintiffs-intervenors joined in the State's motion. Based on the motion, responses and affidavits filed by the parties, arguments of counsel, and the entire record in this cause, the Court finds that the State's application should be granted in the following respects:


1 The record reflects that the defendants have a five year history of violations of their National Pollutant Discharge Elimination System (NPDES) permits, and as recently as October 2002 defendants have not conducted laboratory operations, including sample collection and analysis, in accordance with EPA-approved methodology, as mandated in their existing NPDES permit

Am-7-03

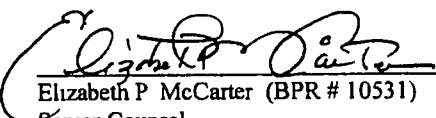
2 In accordance with Tenn. Code Ann §69-3-117, the defendants are enjoined from operating their sewage treatment plant in violation of the effluent parameters and all other terms and conditions of their 1999 and 2002 NPDES permits, which are not under appeal to the Tennessee Water Quality Control Board

3 This injunction shall take effect immediately

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that defendants must immediately comply with the effluent parameters and all other terms and conditions of their 1999 and 2002 NPDES permits, which are not under appeal to the Tennessee Water Quality Control Board All other matters are reserved pending further Orders in this cause.


ELLEN HOBBS LYTLE
CHANCELLOR

SUBMITTED FOR ENTRY.


Elizabeth P. McCarter (BPR # 10531)
Senior Counsel
Office of the Attorney General
P O. Box 20207
Nashville, TN 37202
(615) 532-2582

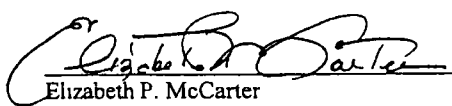
Attorney for Plaintiffs

CERTIFICATE OF SERVICE

I certify that a true and exact copy of the foregoing proposed Order has been served upon the following via fax and first class mail, postage prepaid, on this 30th day of December 2002

Jeffrey R. King
Stites & Harbison PLLC
SunTrust Center
424 Church Street, Suite 1800
Nashville, TN 37219-2387

Elizabeth L. Murphy
Attorney at Law
45 Music Square West
Nashville, TN 37203


Elizabeth P. McCarter
Senior Counsel

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

STATE OF TENNESSEE, ex rel.)
PAUL G. SUMMERS, in his official capacity)
as the Attorney General And Reporter of)
Tennessee and MILTON H. HAMILTON, JR.)
Commissioner of the Tennessee Department of)
Environment and Conservation,)

Plaintiffs,)

v.)

SOUTHERN UTILITY CORPORATION,)
dba LYNNWOOD UTILITY CORPORATION,)
and DAVIS LAMB,)

Defendants.)

No. 02-1538-III

2002 MAY 23 PM 3:22

VERIFIED COMPLAINT

This action represents a request for injunctive relief and civil penalties under the Water Quality Control Act of 1977, as amended, Tenn Code Ann. §§ 69-3-101 to 69-3-137 (WQCA), against defendants Southern Utility Corporation dba Lynnwood Utility Corporation and Davis Lamb. The plaintiffs seek from this Court. (1) a permanent injunction requiring the defendants to come into compliance with the Act and the regulations thereunder with respect to the operation of their sewage treatment plant in Williamson County, Tennessee, and (2) an order and judgment from this Court assessing civil penalties against defendants, jointly and severally, for water quality violations in accordance with Tenn. Code Ann § 69-3-115. In accordance with the Tennessee Supreme Court's decision in *City of Chattanooga v Davis and Barrett v Metropolitan Government of Nashville and Davidson County*, 54 S W 3d 248 (Tenn 2001), the defendants may be entitled to a jury solely for the purpose of the assessment of any civil penalties by this Court.

I. JURISDICTION AND VENUE

1 This Court has jurisdiction over this action in accordance with the provisions of Tenn Code Ann §§ 69-3-115 and 69-3-117

2 Venue of this action lies in Davidson County in accordance with the provisions of Tenn Code Ann §§ 69-3-115 and 69-3-117

II. PARTIES

3 This action is brought in the name of the State of Tennessee by plaintiff, Paul G Summers, in his official capacity as Attorney General and Reporter for the State of Tennessee. The Attorney General is the chief law enforcement officer of the State of Tennessee, of all its departments, commissions and agencies. Tenn. Code Ann. §§ 8-6-109 and 8-6-301. The Attorney General also has authority over litigation involving the public interest. The Attorney General's official residence is in Nashville, Davidson County, Tennessee.

4. This action is also brought in the name of the plaintiff, Milton H. Hamilton, Jr., in his official capacity as Commissioner of the Tennessee Department of Environment and Conservation (TDEC). The TDEC Commissioner is charged by Tenn. Code Ann. §§ 69-3-107 with the duty and responsibility to exercise general supervision and enforcement of the Water Quality Control Act and to bring suit for any violations thereunder. (Attached hereto as Exhibit 1 is the Affidavit and Verification of Christopher S. Moran, Enforcement Manager with TDEC Division of Water Pollution Control). The Commissioner's official residence is in Nashville, Davidson County, Tennessee.

5. Southern Utility Corporation (hereinafter "Southern" or "Lynnwood"), is a domestic corporation doing business in the State of Tennessee, with its principal offices located at 5214 Maryland Way, Suite 405, Brentwood, Tennessee 37027. Upon information and belief, Southern is doing business as Lynnwood Utility Corporation (LUC), having acquired the assets and operating authority of LUC in May 1999. Southern owns and operates a sewage treatment facility at 120 Cottonwood Drive in Franklin, Williamson County, Tennessee that was originally operated under the name of Lynnwood Utility Company. The registered agent for service of process of defendant Southern is Jeffrey R. King, 424 Church Street, Suite 1800, Nashville, Tennessee 37219.

7 Davis Lamb is the president of defendant Southern dba Lynnwood and the operator of Lynnwood's sewage treatment facility at 120 Cottonwood Drive in Franklin, Tennessee. Upon information and belief, Davis Lamb became the chief executive officer for Lynnwood on or shortly before January 1, 2000. Defendant Lamb can be served at 5214 Maryland Way, Suite 405, Brentwood, Tennessee 37027.

8 Defendants Southern and Lamb are both "person[s]" as defined by Tenn. Code

Ann § 69-3-103(20) and "owner[s] or operator[s]" as defined by Tenn Code Ann § 69-3-103(19) for purposes of the WQCA

III. WATER QUALITY CONTROL ACT

9 The Federal Water Pollution Control Act, as amended, 33 U S C §§ 1251, *et seq* (Hereinafter "CWA") requires all entities who discharge into the navigable waters of the United States to obtain a National Pollutant Discharge Elimination System (NPDES) permit from the Environmental Protection Agency (EPA) in accordance with standards set by the Administrator of that agency 33 U S C § 1342(a) The Administrator can, however, authorize a state to issue NPDES permits in her stead if the state permitting program is at least equal to that under the CWA 33 U.S C § 1342(b) TDEC has been authorized by the U.S. EPA to issue NPDES permits in the State of Tennessee. Tennessee does so under the Water Quality Control Act of 1977, Tenn Code Ann §§ 69-3-101 to 69-3-137 (WQCA)

10 The WQCA represents a comprehensive program for the protection and preservation of the waters of the State and for the regulation of activities affecting discharges into, and/or alterations of, the waters of the State The General Assembly has declared that the "waters of Tennessee are the property of the state and are held in public trust for the use of the people " Tenn Code Ann § 69-3-102(a) The WQCA further provides that the State, in its exercise of the public trust, has a duty to take necessary steps to preserve and protect the public's right of enjoyment to unpolluted waters

11 The Commissioner is empowered to issue permits authorizing discharges that contain the most stringent effluent limitations, conditions and water quality standards as necessary to comply with state and federal laws and regulations. Tenn Code Ann § 69-3-108(e) The Commissioner is also empowered to undertake inspections and investigations as necessary to enforce the provisions of the Act Tenn. Code Ann § 69-3-107(5) Additionally, the Commissioner may administratively assess civil penalties of up to \$10,000 00 per day for each day of the violation against persons violating the Act or regulations thereunder, or he may institute proceedings in court for the assessment of such civil penalties Tenn Code Ann § 69-3-115

12 It is a violation of the Water Quality Control Act for any person to discharge any

substance into the waters of the State, or to cause a substance to be placed in a location that results in pollution, as defined under the Act Tenn Code Ann § 69-3-114

13 The Commissioner may seek injunctive relief in the courts through the Office of the Attorney General to enforce compliance with the Act Tenn Code Ann § 69-3-117 And under Tenn Code Ann § 69-3-116, the State is entitled to recover as damages any reasonable expenses incurred in enforcing the provisions of the WQCA

IV. FACTS

14 On or about July 30, 1993, TDEC issued NPDES permit No 0029718 to Lynwood Utility Company authorizing it to discharge effluent, under prescribed limitations, from its sewage treatment facility in Franklin, Tennessee into the Harpeth River at mile 77.9 This permit expired on July 29, 1998.

15. At mile 77.9, downstream from Lynwood's sewage treatment plant outfall, the Harpeth River is classified by Tenn Comp. R. & Reg., ch 1200-4-4-.12 for the following uses by the Tennessee Water Quality Control Board domestic water supply, industrial water supply, fish and aquatic life; recreation, irrigation, and livestock watering and wildlife Tenn Comp R & Reg., ch. 1200-4-3-.02(6) provides that since all waters of the state are classified for more than one use, "the most stringent criteria [for the respective classified use] will be applicable "

16 Lynwood's 1993 NPDES permit contained specific effluent limitations for the following characteristics CBOD5 (carbonaceous biochemical oxygen demand), ammonia, suspended solids; fecal coliform, chlorine residual, settleable solids, dissolved oxygen, and pH

17 In the spring of 1998, TDEC accepted Lynwood's plans for a proposed expansion of its sewage treatment facility, which included adding a new clarifier, retrofitting an existing basin to be used as an aeration basin, replacing the influent pump station and replacing the eight inch effluent line to the Harpeth River with a twelve inch gravity line The first phase of the upgrade to Lynwood's facility was complete by the fall of 1998

18 On or about July 31, 1998, TDEC reissued NPDES permit No 0029718 to Lynwood Utility Corporation (formerly Lynwood Utility Company) authorizing it to discharge effluent, under prescribed limitations, from its sewage treatment facility in Franklin, Tennessee into the Harpeth River at mile 77.9 This permit was set to expire on July 31, 2001

19 On September 18, 1998, TDEC issued a Director's Order to Lynnwood citing it for 96 permit parameter violations and 13 incidents of bypassing for the period of July 1995 through June of 1998. Most of these parameter violations consisted of exceeding the limitations for chlorine residual, the monthly average and daily maximum limits for ammonia, and the daily maximum limits for fecal coliform.

20 In accordance with Lynnwood's 1998 NPDES permit, the plant's design capacity was reduced from 250,000 to 200,000 gallons per day and the following effluent modifications were placed upon the discharge from Lynnwood's sewage treatment plant:

- a **CBOD5** - the monthly and weekly average amount limits were decreased from 21 and 31 (lbs per day) to 17 and 25 respectively,
- b **Ammonia** - the monthly and weekly average amount limits for May-Oct and Nov-April were decreased from 4 and 6 and 10 and 16 (lbs. per day) to 3 and 5 and 8 and 13 respectively,
- c **Suspended Solids** - the monthly and weekly average amount limits were decreased from 63 and 83 (lbs per day) to 50 and 67 respectively;
- d **Settleable Solids** - the sampling rate was decreased from five times a week to three times a week and the sampling method was changed from a grab to composite sample.

Lynnwood's 1998 NPDES permit also contained effluent limitations for fecal coliform; chlorine residual, dissolved oxygen, and pH.

21 In September 1998, Lynnwood applied to TDEC to increase the design flow capacity for its sewage treatment plant from 200,000 to 400,000 gallons per day, based on the continued expansion and upgrading of its facility. This second phase of the expansion and upgrade was intended to enable Lynnwood to provide sewer service for new construction, as well as existing homes with septic tanks in the area.

22. In May 1999, after holding a public hearing on the permit expansion, TDEC issued a modified permit to Lynnwood for the period May 14, 1999 through July 31, 2001. This permit included maintenance of most of the existing concentration and loading limits with flow capacity of 200,000 gallons per day until such time as the plant's expansion was complete, or for the period of May 14, 1999 to May 31, 2000. The same permit provided for the expansion to

400,000 gallons per day to begin June 1, 2000, after which the permit contained modifications to the concentration and loading limits up through July 31, 2001

23 The modified permit issued to Lynnwood in May 1999 included the institution of effluent limits on total nitrogen (N) beginning June 1, 2000 with the plant's anticipated expansion. In June 1999, Lynnwood initiated discussions with TDEC's Division of Water Pollution Control to modify the permit's nitrogen limits. Defendant Lamb participated in discussions and meetings with TDEC on the necessity of nitrogen limits. This issue was resolved in the fall of 2000, when TDEC issued Lynnwood a modified permit with total nitrogen limits of 3 mg/l as a monthly average, 4.5 mg/l as a weekly average and 6 mg/l as a daily maximum in effect only for the summer season (May 1 - October 31). As a result, Lynnwood was not required to begin reporting total nitrogen results until May 1, 2001.

24. Between July 1, 1998 and December 31, 1998, Lynnwood had 60 permit parameter violations (in the NPDES permit expiring on July 31, 1998 and the permit reissued on August 1, 1998) and one bypass event. In July 1998, alone, Lynnwood had 50 violations of its permit, including 14 for total suspended solids, 14 for ammonia, 10 for fecal coliform, eight for CBOD, three for chlorine residual and one for settleable solids. See Affidavit of Michael R. Thornton and summaries attached hereto as Exhibit 2.

25 On October 30, 1998, TDEC issued Lynnwood a Notice of Violation for parameter violations of its permit limits in July, August, and September, 1998, and a bypass of its treatment in September.

26 In 1999, Lynnwood had 31 permit parameter violations (in the NPDES permit issued on August 1, 1998, and the permit reissued on May 14, 1999). These violations occurred primarily between May 1, 1999 and July 31, 1999, and consisted mostly of ammonia parameter violations. See Affidavit of Michael R. Thornton and summaries attached hereto as Exhibit 2.

27 On January 11, 2000, TDEC issued Lynnwood a Notice of Violation for parameter violations of its permit limits in February, June, July and November, 1999. This notice was sent to Davis Lamb as president of LUC.

28 In 2000, Lynnwood had 40 permit parameter violations (in the NPDES permit reissued on May 14, 1999). These violations occurred primarily in April, May, November and December, and consisted mostly of total suspended solids and ammonia parameter violations.

See Affidavit of Michael R. Thornton and summaries attached hereto as Exhibit 2

29 On May 9, 2001, TDEC issued Lynnwood a Notice of Violation for parameter violations of its permit limits in 2000. This notice was sent to Davis Lamb as president of LUC.

30 In 2001, Lynnwood had 92 permit parameter violations (in the NPDES permit reissued on May 14, 1999) and three bypass events. In January, 2001, alone, Lynnwood violated its monthly and weekly average concentration and loading limits, as well as its daily maximum limit for ammonia on at least 24 days and it had two bypass events that month. Multiple violations of the ammonia and total nitrogen limits also occurred in the months of August, September and October, 2001. See Affidavit of Michael R. Thornton and summaries attached hereto as Exhibit 2.

31. On August 8, 2001, TDEC issued Lynnwood a Notice of Violation for permit parameter violations and one bypass occurring between January and April, 2001. On March 15, 2002, TDEC issued Lynnwood a Notice of Violation for permit parameter violations for the period of August, 2001 through February 2002. Both of these notices were sent to Davis Lamb as president of LUC.

32 Between January 1, 2002 and April 30, 2002, Lynnwood had at least seven permit parameter violations (in the NPDES permit reissued May 14, 1999) and two bypass events. In January 2002, Lynnwood had one violation of its daily maximum for fecal coliform and in March 2002, Lynnwood violated the 1.0 ml/L maximum daily limit for settleable solids on at least five days, and violated the 20 mg/l maximum daily limit for CBOD on at least one day. See Affidavit of Michael R. Thornton and summaries attached hereto as Exhibit 2.

33. Despite upgrading and expanding the Lynnwood sewage treatment facility, defendants have consistently exceeded the maximum monthly and weekly average and maximum daily ammonia limits imposed upon it in its NPDES permits. Examination of the discharge monitoring reports and the monthly operation reports indicates that the ammonia parameters were exceeded for the following months:

July 1998	14 violations
June 1999	8 violations
July 1999	17 violations
December 2000	21 violations
January 2001	24 violations
February 2001	1 violation
August 2001	6 violations

September 2001	10 violations
October 2001	2 violations

34 Despite upgrading and expanding Lynnwood's sewage treatment facility and prevailing with TDEC in 2000 to apply the total nitrogen limits in its permit only to the summer period of May through October, defendants have consistently exceeded the maximum monthly and weekly average and maximum daily total nitrogen limits imposed upon it in its NPDES permit beginning May 1, 2001. Examination of the discharge monitoring reports and the monthly operation reports indicates that the total nitrogen parameters were exceeded for the following months

May 2001	3 violations
June 2001	1 violation
August 2001	6 violations
September 2001	13 violations
October 2001	10 violations

35 Lynnwood timely submitted an application to renew its NPDES permit, which expired on July 31, 2001. TDEC is in the process of reviewing that application.

V. FIRST CAUSE OF ACTION

36 Lynnwood has failed to meet the effluent parameters and conditions contained in its consecutive NPDES permits, since the Department issued Lynnwood a Director's Order in 1998 for violations of its 1993 NPDES permit, as detailed in ¶¶ 24-34 above. Defendants have continually failed to discharge in accordance with these parameters, despite repeated notices of violation from the State and they are therefore in violation of the NPDES permits issued pursuant to Tenn. Code Ann. § 69-3-108. In accordance with Tenn. Code Ann. § 69-3-117, this Court is authorized to issue a permanent injunction against defendants requiring them to comply with the provisions of the WQCA, the regulations thereunder, and the conditions of the NPDES permits issued to Lynnwood pursuant to Tenn. Code Ann. § 69-3-108.

VI. SECOND CAUSE OF ACTION

36 Defendants' effluent discharge from their sewage treatment plant into the Harpeth River exceeded limits contained in their NPDES permits for such discharges on numerous

occasions, as detailed in ¶¶ 24-34 above, and has resulted in multiple violations of the conditions of their permits issued under Tenn Code Ann § 69-3-108 In accordance with Tenn Code Ann §§ 69-3-115(a)(1) (A) and(B) and 69-3-115(a)(2)(D), this Court may impose a civil penalty of up to \$10,000.00 per day for each day any person violates an effluent or water quality standard promulgated under the WQCA, or a permit condition Defendants are therefore subject to a civil penalty assessment of up to \$10,000 00 per day for each day of such violation

VII. THIRD CAUSE OF ACTION

37 In accordance with the provisions of Tenn Code Ann § 69-3-114(a), it is unlawful to discharge any substance into the waters of the State of Tennessee so as to cause a condition of pollution, as defined in Tenn Code Ann § 69-3-103(22) Any such action is declared a public nuisance

38 Defendants' actions in repeatedly discharging effluent from their sewage treatment plant into the Harpeth River in excess of the limits contained in their NPDES permits so as to result, or be likely to result, in potential harm to the public health or the health of aquatic life, to render the Harpeth River substantially less useful for its reasonable classified uses, or to leave the Harpeth River in a condition that violates the water quality standards established for the river constitute, therefore, a public nuisance that may be abated by the action of this Court

VIII. FOURTH CAUSE OF ACTION

39 In accordance with the provisions of Tenn Code Ann § 69-3-114(a), it is unlawful for any person to discharge any substance into the waters of the State of Tennessee so as to cause a condition of pollution, as defined in Tenn Code Ann § 69-3-103(22), unless such discharge is due to unavoidable accident or unless the discharge has been properly authorized

40 Defendants' actions in repeatedly discharging effluent from their sewage treatment plant into the Harpeth River with concentrations of pollutants in amounts exceeding the limits contained in their NPDES permits, as detailed in ¶¶ 24-34 above, has contributed to the pollution of the waters of the state and is neither due to unavoidable accident nor has it been

properly authorized. These unpermitted discharges constitute unauthorized alterations of the waters of the state in violation of Tenn. Code Ann. § 69-3-108(b). Defendants' unauthorized excessive discharges have impacted and continue to impact waters of the state, which are held in trust for the public.

41. In accordance with Tenn. Code Ann. §§ 69-3-115(a)(1) (H) and 69-3-115(a)(2)(D), this Court may impose a civil penalty of up to \$10,000.00 per day for each day any person violates the WQCA by causing or contributing to the pollution of the waters of the state. Defendants are therefore subject to a civil penalty assessment of up to \$10,000.00 per day for each day of such violation.

IX. FIFTH CAUSE OF ACTION

42. The State of Tennessee has incurred damages, investigatory expenses and enforcement expenses, including attorney's fees, in responding to the violations of the WQCA committed by defendants.

43. In accordance with Tenn. Code Ann. § 69-3-116(c), damages may be assessed by this Court against any polluter or violator for "any expenses incurred in investigating and enforcing this part"

XI. PRAYER FOR RELIEF

WHEREFORE, plaintiffs respectfully request the following relief:

1. That this complaint be filed without cost bond, as provided by Tenn. Code Ann. § 20-13-101, and that process issue and be served upon defendants requiring them to appear and answer this complaint.

2. That upon a trial or final hearing in this matter, the Court enter judgment for the plaintiffs against defendants jointly and severally and assess civil penalties in an amount not to exceed \$10,000.00 per day for each violation, in accordance with Tenn. Code Ann. § 69-3-115, against defendants jointly and severally for violations of the Water Quality Control Act and the regulations promulgated pursuant to the WQCA.

3 That upon a trial or final hearing in this matter, the Court issue a permanent injunction against all defendants, in accordance with Tenn Code Ann § 69-3-117, requiring each of them to comply with, and enjoining them from further violations of, the provisions of the WQCA and the rules promulgated thereunder, as well as their current and any future NPDES permits issued to them in the State of Tennessee

4 That this Court assess post-judgment interest against defendants in accordance with Tenn Code Ann §§ 47-14-121 and 47-14-122 until the judgment against defendants is paid in full, for which execution may issue if necessary

5 That this Court award plaintiffs such costs, including, but not limited to, reasonable expenses incurred in investigation, compliance examination, enforcement, as well as attorneys' fees, that may be taxable by law for defendants' water quality violations, as provided by Tenn Code Ann § 69-3-116(c)

7. That this Court award plaintiffs such other general and equitable relief to which they may be entitled

Respectfully submitted,



PAUL G SUMMERS (# 6285)
Attorney General and Reporter



ELIZABETH P McCARTER (#10531)
Senior Counsel
Office of the Attorney General and Reporter
Environmental Division
P O Box 20207
Nashville, Tennessee 37202
(615) 532-2582

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

STATE OF TENNESSEE, ex rel.)
PAUL G. SUMMERS, in his official capacity)
as the Attorney General And Reporter of)
Tennessee and MILTON H. HAMILTON, JR.)
Commissioner of the Tennessee Department of)
Environment and Conservation,)

Plaintiffs,)

v.)

No.)

SOUTHERN UTILITY CORPORATION,)
dba LYNNWOOD UTILITY CORPORATION,)
and DAVIS LAMB,)

Defendants.)

2032 MAY 23 PM 3:22
J.C.M.

VERIFICATION OF COMPLAINT

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

I, Christopher S Moran, after being duly sworn, do hereby depose and, upon personal knowledge, state as follows.

1 I am the manager of the enforcement and compliance section in the Division of Water Pollution Control (Division) in the Tennessee Department of Environment and Conservation (TDEC) I have been employed with TDEC for over eight years in the Water Pollution Control Division

2 I am familiar with the facts giving rise to this lawsuit insofar as they concern water quality issues I have reviewed (and signed some) of the notices of violation that were issued to defendants concerning violations of the effluent parameters contained in their NPDES permits and their plant's bypassing of treatment I have read the allegations contained in the foregoing complaint and believe the allegations concerning water quality issues and violations of the Water Quality Control Act to be true to the best of my knowledge, information and belief

3 Based on my education and experience and the information obtained by the Department in the course of its investigation and inspections of defendants' sewage treatment

requires that this action be commenced, therefore, I have requested the Attorney General to bring
this amended action

FURTHER THE AFFIANT SAITH NOT


CHRISTOPHER S MORAN

Sworn to and subscribed before me

this 23 day of May, 2002


NOTARY PUBLIC

My Commission Expires 2-20-2006

EXHIBIT 1

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

STATE OF TENNESSEE, ex rel.)
PAUL G. SUMMERS, in his official capacity)
as the Attorney General And Reporter of)
Tennessee and MILTON H. HAMILTON, JR.)
Commissioner of the Tennessee Department of)
Environment and Conservation,)

Plaintiffs,)

v.)

No.)

SOUTHERN UTILITY CORPORATION,)
dba LYNNWOOD UTILITY CORPORATION,)
and DAVIS LAMB,)

Defendants.)

2021 MAY 23 PM 3:22
JCH
DCEH

AFFIDAVIT OF MICHAEL R. THORNTON

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

I, Michael R. Thornton, after being duly sworn, do hereby depose and, upon personal knowledge, state as follows

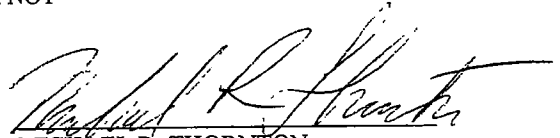
1 I am employed as an Environmental Protection Specialist in the Division of Water Pollution Control in the Tennessee Department of Environment and Conservation (TDEC). I have been employed with TDEC for over twenty-two years in the Water Pollution Control Division

2 In my present position I am responsible for checking and enforcing compliance with standards and requirements of the Water Quality Control Act, set forth in Tenn. Code Ann. § 69-3-101, et seq. This includes conducting inspections and reviewing monitoring reports to confirm compliance with limits set out in National Pollution Discharge Elimination System (NPDES) permits

3 I have reviewed the discharge monitoring reports and monthly operational reports submitted by Lynnwood Utility Corporation, as required under its NPDES permits, for the period

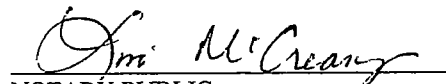
July 1, 1998 through April 30, 2002 Attached hereto are my summaries of what those reports reflect, including permit parameter violations for the same time period

FURTHER THE AFFLIANT SAITH NOT


MICHAEL R. THORNTON

Sworn to and subscribed before me

this 23 day of May, 2002


NOTARY PUBLIC

My Commission Expires:

LISA McCREARY
Notary Public, Sumner Co., TN
My Comm Expires Oct 2, 2005

Facility: Lynnwood Utility Corp
 County: Williamson
 Permit #: TN0029718
 Capacity: * 0 25/0 20 MGD
 Expiration Date: 07/29/98
 Effective Date: 07/30/93
 07/31/01
 08/01/98

Month	Flow Int Mo Avg MGD	Flow Int Daily Max MGD	Flow Eff Mo Avg MGD	BOD/CBOD Int Mo Avg mg/L	BOD/CBOD Eff Mo Avg mg/L	BOD/CBOD wk avg max conc mg/L no Vio	BOD/CBOD Eff Daily Max mg/L no Vio	BOD/CBOD eff no avg loading pounds no Vio	BOD/CBOD wk avg max loading pounds no Vio	BOD/CBOD min % removal %	BOD/CBOD avg % removal %
1998											
Jan	0.152	0.339	0.120	198	175	383	900	212	337	508	91.1
Feb	0.132	0.261	0.117	171	110	110	140	87	142	690	95.6
Mar	0.129	0.231	0.110	180	82	87	150	83	99	914	95.4
Apr	0.146	0.241	0.129	170	102	110	170	118	134	835	94.0
May	0.133	0.217	0.105	199	185	230	260	219	266	846	90.2
Jun	0.159	0.447	0.126	178	200	253	310	252	495	557	88.8
Jul	0.125	0.178	0.131	167	129	310	500	129	267	783	92.3
Aug	0.135	0.461	0.133	194	221	360	470	217	64	952	98.9
Sep	0.127	0.161	0.130	248	10	10	10	11	12	994	99.6
Oct	0.125	0.158	0.135	209	30	30	30	32	35	882	99.0
Nov	0.269	0.349	0.136	308	30	30	30	34	38	987	99.0
Dec	0.265	0.366	0.177	394	215	393	400	249	59	974	99.2
Average	0.158	0.461	0.127	226	90	393	800	104	495	508	95.3
Summer Limits	Report (7/wk) c	Report	Report (7/wk) c	Report (3/wk) c	10	15	20 (3/wk) c	* 21/17	* 31/25	40	85
Winter Limits	Report (7/wk) c	Report	Report (7/wk) c	Report (3/wk) c	10	15	20 (3/wk) c	* 21/17	* 31/25	40	85
Limit Violations					5	9	17	3	2		
Freq Violations			151	1				1			

Month	Ammonia Int Mo Avg mg/L	Ammonia Eff Mo Avg mg/L	Ammonia wk avg max conc mg/L no Vio	Ammonia Int Mo Avg mg/L	Ammonia Eff Mo Avg mg/L	Ammonia wk avg max loading lbs no Vio	Ammonia Int Mo Avg mg/L	Sett Solids Eff Daily Max mg/L no Vio	Sett Solids Eff Daily Max mg/L no Vio	Sample Type
1998										
Jan	8.2	17.0	3	20.0	4	86	179	115	07	C - continuous
Feb	3.0	4.7	4	70	131	48	48	114	08	C - composite
Mar	4.1	4.6	1	118	1	41	49	115	08	G - grab
Apr	12.2	19.5	3	23.0	8	120	198	157	08	
May	20.6	25.9	5	32.8	13	231	312	164	03	
Jun	18.9	23.9	4	27.7	13	194	319	190	10	
Jul	10.0	26.2	3	26.9	7	103	242	165	30	
Aug	8.6	27	4	49.9	1	107	25	1052	02	
Sep	0.1	0.1	0	0.1	0.1	0.1	204	0.01	0.01	
Oct	0.1	0.2	0	0.3	0.2	0.2	2417	0.01	0.01	
Nov	0.2	0.6	0	1.5	0.3	0.6	2853	0.01	0.01	
Dec	0.1	0.2	0	0.3	0.2	0.3	1340	0.01	0.01	
Average	6.5	26.2	3	32.8	8.8	319	89.4	300	300	
Summer Limits	NA	2.0	3.0	4.0 (3/wk) c	4.0/3.0	* 6.0/5.0	NA	1.0	(**)	
Winter Limits	NA	5.0	7.5	10.0 (3/wk) c	10.0/8.0	* 16.0/13.0	NA	1.0	(**)	
Limit Violations										
Freq Violations						13		1		

** change at permit reissuance
 - monitoring frequency from 5/wk to 3/wk
 - sample type from grab to composite

Facility: Lynnwood Utility Corp
 County: Williamson
 Permit #: TN0029718
 Capacity: * 0 25/0 20 MGD
 Expiration Date: 07/29/98
 Effective Date: 07/30/93
 07/31/01
 08/01/98

Facility
County

Lynnwood Utility Corp
Williamson

Permit #
Capacity

TN0029718
0 20 MGD

Expiration Date
Effective Date

07/31/01
08/01/98

07/31/01
05/14/99

Month	Flow Inf Mo Avg MGD	Flow Inf Daily Max MGD	Flow Eff Mo Avg MGD	BOD/CBOD Inf Mo Avg mg/L	BOD/CBOD Eff Mo Avg mg/L	BOD/CBOD wk avg max conc mg/L	BOD/CBOD Eff Daily Max mg/L	BOD/CBOD alt mo avg loading pounds	BOD/CBOD wk avg max loading pounds	BOD/CBOD min % removal %	BOD/CBOD avg % removal %
1999											
Jan	0.223	0.631	0.216	192	30	30	30	49	62	97.4	98.4
Feb	0.325	0.438	0.172	487	30	30	30	44	90	98.2	99.3
Mar	0.279	0.447	0.176	424	30	30	30	46	84	98.5	99.3
Apr	0.402	0.525	0.146	448	39	87	40	39	44	98.6	99.3
May	0.270	0.395	0.152	371	31	37	140	54	94	95.8	98.9
Jun	0.280	0.526	0.142	313	31	33	50	37	48	98.1	99.0
Jul	0.333	0.517	0.135	305	31	33	40	35	40	97.1	99.0
Aug	0.127	0.147	0.138	197	30	30	30	35	36	98.7	99.5
Sep	0.121	0.154	0.130	234	30	30	30	34	36	98.0	98.7
Oct	0.121	0.151	0.096	189	30	30	40	30	34	97.8	98.4
Nov	0.121	0.151	0.096	219	30	30	30	34	36	98.5	98.6
Dec	0.128	0.192	0.151	201	31	67	30	34	36	97.7	98.5
Average	0.228	0.631	0.151	298	31	87	140	39	94	95.8	98.8
Summer Limits	Report (7wk) c	Report (7wk) c	Report (7wk) c	Report (3wk) C	10	15	20 (3wk) C	17	25	40	85
Winter Limits	Report (7wk) c	Report (7wk) c	Report (7wk) c	Report (3wk) C	10	15	20 (3wk) C	17	25	40	85
Limit Violations											
Freq Violations			73	1							

Month	Ammonia Inf Mo Avg mg/L	Ammonia Eff Mo Avg mg/L	Ammonia wk avg max conc mg/L	Ammonia Eff Daily Max mg/L	Ammonia no Vio	Ammonia loading lbs	Ammonia no Vio	Ammonia wk avg max loading lbs	Ammonia no Vio	Sett. Solids Inf Mo Avg mg/L	Sett. Solids Eff Daily Max mg/L
1999											
Jan	0.16	0.10	0.11	0.50	0.30	0.23	0.57	0.22	0.23	15.2	0.01
Feb	0.12	0.10	0.11	0.13	0.15	0.17	0.22	0.22	0.23	333.6	0.01
Mar	0.13	0.10	0.11	0.26	0.17	0.23	0.23	0.23	0.23	355.4	0.01
Apr	0.13	0.13	0.21	0.33	0.17	0.28	0.28	0.28	0.28	662.7	0.01
May	0.42	0.85	0.85	180	0.53	108	108	108	108	501.2	0.01
Jun	2.87	9.03	9.03	1590	3.49	1109	1109	1109	1109	436.7	0.01
Jul	8.91	14.33	14.33	2000	9.80	1538	1538	1538	1538	482.9	0.01
Aug	0.12	0.18	0.14	0.34	0.14	0.22	0.22	0.22	0.22	15.7	0.10
Sep	0.11	0.14	0.14	0.22	0.12	0.15	0.15	0.15	0.15	17.0	0.01
Oct	0.51	0.10	0.12	4.30	0.58	1.84	1.84	1.84	1.84	15.5	0.01
Nov	0.10	0.11	0.11	0.13	0.12	0.13	0.13	0.13	0.13	16.9	0.05
Dec	0.30	0.30	0.66	1.60	0.35	0.85	0.85	0.85	0.85	17.3	0.01
Average	1.2	14.3	14.3	20.0	1.3	15.4	15.4	15.4	15.4	239.2	0.10
Summer Limits	NA	2.0	3.0	4.0 (3wk) C	3.0	5.0	5.0	5.0	5.0	NA	1.0 (3wk) C
Winter Limits	NA	5.0	7.5	10.0 (3wk) C	8.0	13.0	13.0	13.0	13.0	NA	1.0 (3wk) C
Limit Violations											
Freq Violations			4	13	2	4	4	4	4		

Sample Type
c - continuous
C - composite
G - grab

Facility	<u>Lynnwood Utility Corp</u>
County	<u>Williamson</u>

County

Williamson

Month	TSS Infl Mo Avg mg/L	TSS Effl Mo Avg mg/L	TSS wk avg max conc mg/L	TSS Effl Daily Max mg/L no Vio	TSS eff mo avg loading pounds	TSS wk avg max loading pounds	TSS min % removal %	TSS avg % removal %	MOR LATE Y/N	BYPASS OVERFLOW # & FOR HR
1999										
Jan	189	F 93	117	150	149	203	93.2	95.1		
Feb	537	F 136	320	160	187	373	78.8	99.7		
Mar	4701	76	117	180	119	215	99.5	99.8		
Apr	7421	58	70	100	174	784	99.3	99.9		
May	5485	103	90	180	103	154	99.7	99.8		
Jun	3968	42	63	110	150	182	94.0	99.9		
Jul	4357	30	37	70	34	44	97.5	99.9		
Aug	444	44	60	80	151	267	98.4	99.2		
Sep	336	54	83	100	98	98	97.1	98.4		
Oct	220	37	88	130	169	185	92.3	96.7		
Nov	219	58	80	90	86	93	94.9	97.4		
Dec	221	68	90	140	171	187	92.0	97.0		
Average	2728	69	320	640	89	373	78.8	98.5	0	0
Summer Limits	Report (3wks) C	30	40	45 (3wks) C	50	67	40	85		
Winter Limits	Report (3wks) C	30	40	45 (3wks) C	50	67	40	85		
Limit Violations				1						
Freq Violations	1			1						

F - Monitoring frequency violation(s) * - Permit reissuance 5/14/2001

Summer			May - October		Winter		November - April		Limits - Limit (frequency sample type)			Chlorine	
Month	DO	Eff Daily Min mg/L	pH	Eff Daily Min standard units	pH	Eff Daily Max standard units	Fecal Geo Mean col / 100 mL	Fecal Eff Geo Mean col/mL no Vio	Focal Eff Daily Max col/mL no Vio	Eff Daily Max mg/L no Vio	Chlorine Eff Daily Max mg/L no Vio		
1999													
Jan	9.3	8.6				8.9	2	14		0.03			
Feb	8.8	6.8				9.0	3	10		0.02			
Mar	9.3	6.9				7.9	8	30		0.01			
Apr	8.5	6.1				7.7	20	90		0.03			
May	7.8	6.3	2			7.8	2	119		0.02			
Jun	6.7	7.0				8.1	3			0.55	1		
Jul	6.6	7.2				7.8	3			0.02			
Aug	6.9	6.7				7.3	2	2		0.03			
Sep	7.4	7.5				8.0	2	2		0.03			
Oct	8.4	7.2				7.8	14	14500	2	0.02			
Nov	8.7	6.9				7.7	3	6		0.03			
Dec	9.7	6.9				7.4	5	14500		0.55			
Average	66	6.1				9.0							
Summer Limits	60 (5wk) G	*6/6 5				*9/8 5 (5wk) G	200	1000 (3/wk) G		0.03 (5wk) G			
Winter Limits	6.0 (5wk) G	*6/6 5				*9/8 5 (5wk) G	200	1000 (3/wk) G		0.03 (5wk) G			
Limit Violations		2						2		1			
Freq Violations													

Sample Type
c - continuous
C - composite
G - grab

Facility	Lynnwood Utility Corp				Permit #	TN0029718				Expiration Date	07/31/01			
County	Williamson				Capacity	0.40 MGD				Effective Date	05/14/99			
Month	Flow Inf Mo Avg MGD	Flow Inf Daily Max MGD	Flow Eff Mo Avg MGD	BOD/CBOD Inf Mo Avg mg/L	BOD/CBOD Eff Mo Avg mg/L	BOD/CBOD Wk Avg Max mg/L	BOD/CBOD Eff Daily Max mg/L	BOD/CBOD Eff Mo Avg pounds	BOD/CBOD Wk Avg Max pounds	BOD/CBOD min % removal %	BOD/CBOD avg % removal %			
2001														
Jan	0.104	0.234	0.206	250	66	120	180	9.0	119	91.2	97.4			
Feb	0.147	0.487	0.290	156	37	50	190	9.6	169	93.4	97.6			
Mar	0.098	0.133	0.170	191	30	30	30	4.2	59	97.8	98.4			
Apr	0.099	0.424	0.170	184	35	47	60	4.8	69	94.8	97.9			
May	0.104	0.134	0.181	185	30	30	30	4.4	52	98.0	98.5			
Jun	0.105	0.128	0.181	183	30	30	30	4.2	45	97.6	98.4			
Jul	0.106	0.121	0.174	230	32	40	60	4.5	56	97.9	98.6			
Aug	0.150	0.220	0.171	214	30	30	30	4.0	50	98.0	98.6			
Sep	0.135	0.310	0.171	197	30	35	30	4.0	50	98.0	98.5			
Oct	0.117	0.220	0.178	178	30	30	30	6.0	100	97.0	98.3			
Nov	0.208	0.380	0.227	200	30	60	90	6.0	100	96.0	98.5			
Dec	0.199	0.310	0.217	161	30	30	30	5.0	60	98.0	98.1			
Avg/Min/Max	0.131	0.467	0.185	193	34	120	180	5.4	166	91.2	98.2			
Summer Limits	Report (7/wk) c	Report	Report (7/wk) c	Report (3/wk) C	5	7.5	10 (3/wk) C	17	25	40	85			
Winter Limits	Report (7/wk) c	Report	Report (7/wk) c	Report (3/wk) C	10	15	20 (3/wk) C	33	50	40	85			
Limit Violations														
Freq Violations				10			8							

F - Monitoring frequency violation(s)									
Month	Ammonia Inf Mo Avg mg/L	Ammonia Eff Mo Avg mg/L	Ammonia Wk Avg Max mg/L	Ammonia Eff Daily Max mg/L	Ammonia Wk Avg Max mg/L	Ammonia Eff Daily Max mg/L	Sett Solids Inf Mo Avg mg/L	Sett Solids Eff Daily Max mg/L	Sett Solids Wk Avg Max mg/L
2001									
Jan	18.96	1.11	25.80	30.00	4.00	22.2	22.2	0.05	0.01
Feb	1.66	0.11	10.50	6.20	2.80	17.4	17.4	0.01	0.01
Mar	0.11	0.11	0.31	0.20	0.16	21.3	21.3	0.01	0.01
Apr	0.23	0.23	0.49	0.80	0.36	22.2	22.2	0.05	0.05
May	0.14	0.14	0.25	0.25	0.20	25.8	25.8	0.05	0.05
Jun	0.18	0.18	0.34	0.68	0.27	22.2	22.2	0.05	0.05
Jul	3.43	1.11	7.30	13.50	4.60	24.4	24.4	0.50	0.50
Aug	5.51	1.11	18.00	20.00	6.00	18.2	18.2	0.50	0.50
Sep	1.12	0.22	3.42	11.00	2.00	4.75	4.75	1.00	1.00
Oct	0.56	0.22	0.22	4.80	1.00	13.8	13.8	1.00	1.00
Nov	0.13	0.13	0.195	0.29	0.22	3.38	3.38	0.50	0.50
Dec	0.13	0.13	0.195	0.29	0.22	3.38	3.38	0.50	0.50
Avg/Min/Max	5.10	2.7	25.8	30.0	4.1	19.9	19.9	1.00	1.00
Summer Limits	NA	2.0	3.0	4.0 (3/wk) C	7.0	10.0	NA	1.0 (3/wk) C	1.0 (3/wk) C
Winter Limits	NA	5.0	7.5	10.0 (3/wk) C	17	25.0	NA	1.0 (3/wk) C	1.0 (3/wk) C
Limit Violations									
Freq Violations				8					

Sample Type
c - continuous
C - composite
G - grab

Facility Lynnwood Utility Corp

Month	TSS Inf Mo Avg mg/L	TSS Eff Mo Avg mg/L	TSS Wk Avg Max mg/L	TSS Eff Daily Max mg/L no Vio	TSS Eff Mo Avg pounds	TSS Wk Avg Max pounds	TSS min % removal %	TSS avg % removal %	MOR LATE Y/N	SEWER OVERFLOW events hours
2001										
Jan	328	72	147	160	183	183	919	978		3 14 25
Feb	183	120	320	900	104.5	104.5	559	93.4		
Mar	276	25	30	30	37	40	974	99.1		
Apr	256	16.5	97	210	102	167	88.2	97.4		
May	298	40	50	100	61	84	963	98.7		
Jun	248	32	47	106	47	72	980	98.7		
Jul	263	29	33	50	43	48	981	99.0		
Aug	268	160	85	130	90	155	910	97.7		
Sep	124	40	80	130	50	105	880	96.8		
Oct	157	60	115	160	90	230	80.0	98.2		
Nov	156	40	58	70	70	105	950	97.5		1
Dec	193	20	37	30	35	67	960	98.5		
Avg/Min/Max	225	50	320	800	97	104.5	559	97.8	5	4 14 25
Summer Limits	Report (3wk) C	30	40	45 (3wk) C	100	133	40	85		
Winter Limits	Report (3wk) C	30	40	45 (3wk) C	100	133	40	85		
Limit Violations				1						
Freq Violations	10			8						

Sample Type

c - continuous

C - composite

G - grab

Sample Type

c - continuous

C - composite

G - grab

F - Monitoring frequency violation(s)									
Month	DO	Eff Daily Min	pH	Eff Daily Max	Eff Geo Mean	Fecal	Chlorine	Total Nitrogen	Total Nitrogen
2001	mg/L	standard units	standard units	standard units	col / 100 mL	carbol/mL no Vio	Eff Daily Max	Eff Mo Avg	Eff Daily Max
							mg/L	mg/L no Vio	mg/L no Vio
Jan	75	F1	75	80	F2	2	F1 0.03	F2	
Feb	93		74	81		3	0.03		
Mar	98		74	75		4	0.03		
Apr	86		69	76		1200	0.03		
May	82		70	75		48	0.03	42 1 F1	66 1
Jun	80		68	81		88	0.03	34 1 F1	54
Jul	78		74	84		800	0.04	21	31
Aug	70		72	82		1500	0.04	60 1 F2	169 4
Sep	75		68	78		4100	0.05	128 1 F1	42 3
Oct	60		68	75		34	0.02	65 1 F1	150 6
Nov	70		70	85		298	0.02	140	48.4
Dec	80		65	73		2	0.02	62 1 F1	108.1
Average	60		65	85		4100	0.50	69	37.0
Summer Limits	60 (5wk) G	65	65	85 (5wk) G	200	1000 (3wk) G	0.03 (5wk) G	30	45
Winter Limits	60 (5wk) G	65	65	85 (5wk) G	200	1000 (3wk) G	0.03 (5wk) G	NA	NA
Limit Violations						4	4	5	16
Freq Violations	8			24		10	7	8	

Sample Type

c - continuous

C - composite

G - grab

Sample Type

c - continuous

C - composite

G - grab

Facility	<u>Lynnwood Utility Corp</u>
County	Williamson

Month	Flow Inf Mo Avg MGD	Flow Inf Daily Max MGD	Flow Eff Mo Avg MGD	BODICBOD Inf Mo Avg mg/L	BODICBOD Eff Mo Avg mg/L	BODICBOD Wk Avg mg/L no Vio	BODICBOD Eff Daily Max mg/L no Vio	BODICBOD Eff Mo Avg pounds	BODICBOD Wk Avg Max pounds	BODICBOD min % removal %	BODICBOD avg % removal %
2002											
Jan	0.242	0.550	0.240	171 F2	30	37	50 F1	50	63	940	98.2
Feb	0.203	0.260	0.205	227 F2	40	60	90 F2	60	10.5	950	98.3
Mar	0.229	0.620	0.225	179 F1	46	93	220 1 F2	80	167	900	97.4
Apr	0.238	0.600	0.231	211 F1	30	30	30 F1	62	80	970	98.6
May											#DNV/01
Jun											#DNV/01
Jul											#DNV/01
Aug											#DNV/01
Sep											#DNV/01
Oct											#DNV/01
Nov											#DNV/01
Dec											#DNV/01
Avg/Min/Max	0.228	0.620	0.225	200	36	93	220	63	167	900	#DNV/01
Summer Limits	Report (7wk) c	Report	Report (7wk) c	Report (3wk) C	5	7.5	10 (3wk) C	17	25	40	85
Winter Limits	Report (7wk) c	Report	Report (7wk) c	Report (3wk) C	10	15	20 (3wk) C	33	50	40	85
Limit Violations						1	1				
Green Violations				8			6				

Month	Summer - May - October		Winter - November - April		Limits - Limit (frequency) sample type				F - Monitoring frequency violations(s)			
	Ammonia Inf Mo Avg mg/L	Ammonia Eff Mo Avg no Vio	Ammonia Wk Avg Max mg/L	Ammonia no Vio	Ammonia Eff Daily Max mg/L	Ammonia no Vio	Ammonia Eff Mo Avg lbs	Ammonia no Vio	Ammonia Wk Avg Max lbs	Ammonia no Vio	Sett Solids Inf Mo Avg m/L	Sett Solids Eff Daily Max m/L
2002												
Jan	22.3	2.38	6.23		8.80	F 1	4.00		8.00		18.9	1.00
Feb	30.6	1.27	4.35		6.30	F 2	2.00		7.50		14.3	1.00
Mar	18.0	1.72	3.80		4.20	F 2	2.37		3.00		11.4	5.00
Apr	30.0	3.88	5.50		7.30	F 1	1.77		9.48		12.2	0.50
May												
Jun												
Jul												
Aug												
Sep												
Oct												
Nov												
Dec												
Avg/Min/Max	25.2	2.3	6.2		8.8		4.0		9.5		14.2	500
Summer Limits	NA	2.0	3.0		4.0 (3wks)	C	7.0		10.0		NA	1.0 (3wks)
Winter Limits	NA	5.0	7.5		10.0 (3wks)	C	17		25.0		NA	1.0 (3wks)
Limit Violations												5
Freq Violations						5						

Sample Type
c - continuous
C - composite
G - grab

Facility
County

Lynnwood Utility Corp
Williamson

Permit #
Capacity

TN0029718
0.25 MGD

Expiration Date
Effective Date

07/31/01
05/14/99

Month	2002	TSS Inf Mo Avg mg/L	TSS Eff Mo Avg mg/L	TSS Wk Avg Max mg/L	TSS Eff Daily Max mg/L no Vio	TSS Eff Mo Avg pounds	TSS Wk Avg Max pounds	TSS min % removal %	TSS avg % removal %	MOR LATE Y/N	SEWER OVERFLOW events hours
Jan		142	40	80	150	70	147	890	972	Y	2
Feb		334	80	110	160	140	180	880	978	Y	2
Mar		116	60	100	110	117	290	910	948	Y	2
Apr		129	50	85	130	102	150	900	981	#DIV/0!	2
May									#DIV/0!	#DIV/0!	2
Jun									#DIV/0!	#DIV/0!	2
Jul									#DIV/0!	#DIV/0!	2
Aug									#DIV/0!	#DIV/0!	2
Sep									#DIV/0!	#DIV/0!	2
Oct									#DIV/0!	#DIV/0!	2
Nov									#DIV/0!	#DIV/0!	2
Dec									#DIV/0!	#DIV/0!	2
Avg/Min/Max		180	58	110	160	107	290	880	980	2	800
Summer Limits Report (3wk)	C	30	30	40	45 (3wk)	100	133	40	85		
Winter Limits Report (3wk)	C	30	30	40	45 (3wk)	100	133	40	85		
Limit Violations											
Freq Violations		8			5						

Sample Type
c - continuous
C - composite
G - grab

Limits - Limit (frequency) sample type F - Monitoring frequency violation(s)

Month	2002	DO Eff Daily Min mg/L	pH Eff Daily Min standard units	pH Eff Daily Max standard units	Fecal Eff Geo Mean col / 100 mL	Fecal Eff Daily Max col / 100 mL	Chlorine Eff Daily Max mg/L	Total Nitrogen Eff Mo Avg mg/L no Vio	Total Nitrogen Wk Avg Max mg/L	Total Nitrogen Eff Daily Max mg/L no Vio	Total Nitrogen Eff Mo Avg pounds	Total Nitrogen Wk Avg Max pounds
Jan		70	65	75	4	7900	0.02	F4				
Feb		65	65	72	2	2	0.02	F4	87	121	110	147
Mar		72	65	78	2	2	0.02	F4	84	99	130	140
Apr		70	62	76	2	2	0.02	F4				
May												
Jun												
Jul												
Aug												
Sep												
Oct												
Nov												
Dec												
Avg/Min/Max		65	62	78	3	7900	0.02	66	87	121	120	147
Summer Limits	G	60 (5wk)	65	85 (5wk)	200	1000 (3wk)	0.04 (5wk)	30	45	60 (3wk)	100	150
Winter Limits	G	60 (5wk)	65	85 (5wk)	200	1000 (3wk)	0.04 (5wk)	NA	NA	NA	NA	NA
Limit Violations						1						
Freq Violations		2		8		5	4					

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

In re: PETITION OF LYNWOOD UTILITY)
 CORPORATION FOR APPROVAL OF)
 AND AUTHORITY TO BORROW UP)
 TO \$1,000,000 TO REPAY SHORT)
 TERM INDEBTEDNESS PURSUANT TO)
 T.C.A. § 65-4-109)

Docket No. _____

PRE-FILED TESTIMONY OF JAMES B. FORD

Q: Please state your name, employer and address.

A: I am James B. Ford. I am self-employed and live at 9679 Aurora Court, Brentwood, TN, 37027. My telephone number is 615-308-8502.

Q: Have you testified before the Tennessee Regulatory Authority before?

A: Yes, when the Authority was the Tennessee Public Service Commission. I have also testified before the Illinois Commerce Commission, Virginia Corporation Commission, Kansas Corporation Commission, Missouri Public Service Commission, Georgia Public Service Commission, North Carolina Regulatory Service Commission, South Carolina Public Service Commission and the Iowa Corporation Commission on various regulatory matters.

Q: Please summarize your business experience.

A: I have been in the business world for 35 years. I am a licensed Certified Public Accountant in Tennessee. I have also been licensed in Georgia and Kansas. I worked for Arthur Andersen & Co. for eight years in the Audit Division. I joined United Cities Gas Company in 1978 as Vice President and Controller, and in 1986 I was appointed Senior Vice President, Treasurer and Chief Financial Officer. During this period United Cities made 32 acquisitions and raised more

than \$300 million in capital to provide for the company's growth. In 1997, United Cities Gas Company was sold to Atmos Energy Corporation. I retired and began consulting work for utilities and small businesses

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to provide background and support for Lynwood Utility Corporation's long-term financing. Lynwood is a very small sewer company that has had to invest a large amount of capital to bring the operation of its sewage treatment plant into compliance with the regulations of the Tennessee Department of Environment and Conservation (TDEC) and with the requirements of its NPDES permit issued to it by TDEC. The necessary upgrades and improvements to the plant have been funded by a \$1,250,000 short-term line of credit from Tenn. Contractors, Inc.

Q: What long-term financing proposals have been obtained by the Company?

A: The Company requested proposals from banks and private investors to pay off the short-term line of credit. The best proposal was from Tenn. Contractors, Inc., a private investor. The terms and conditions of this proposal are shown in Exhibit JBF-1.

Q: Were there any other proposals received?

A: Yes, the Company received proposals from First Tennessee Bank and Bank of the South which are shown in Exhibits JBF-2 and JBF-3.

Q: What are the main differences among the three proposals?

A: The bank proposals, JBF-2 and JBF-3, have the same interest rate and conditions and both require the personal guarantee of the shareholders. The private investor's proposal is different in that it is for 20 years, not 10 years, which will not require a refinancing and additional costs at the end of 10 years. The private investor's proposal requires no pledging of accounts receivables

which allows Lynwood to provide working capital to make any required additions to plant and provide funding for any emergency that may arise.

Q: What recommendation have you made to Lynwood on these proposals?

A: Considering the interest rate is the same with longer terms and the working capital flexibility, it is my opinion that the private investor's proposal would be the better selection for both the Company and its customers.

Q: Does this conclude your testimony?

A: Yes.

LYNWOOD UTILITY CORPORATION
VARIABLE RATE UTILITY PLANT LONG TERM NOTES

Amount	- \$1,000,000.00
Interest Rate	- Variable, 2% over WSJ Prime Rate Adjusted at end of each quarter
Repayment Schedule	-Year 1 & 2 \$ - 0 - Interest Only -Years 3 – 10 \$ - 50,000.00 per year -Years 11 – 20 \$ - 60,000.00 per year
Collateral	- Lien on plant assets at December 31, 2004 plus 20% of utility plant additions. Balance of plant value of additions would be available for additional financing.
Purchaser	- c/o Tenn. Contractors. Inc., Private Investor 516 Lake Valley Ct. Franklin, TN 37069
Other	- Interest to be paid quarterly - Note payments shall be made annually at the end of the quarter following the closing date - Subject to approval of TRA - Financial statement provided 4 months after each year end



All Things Financial.

James M. McGrew, Jr.
Senior Vice President

February 23, 2005

Mr. John Ring
516 Lake Valley Ct.
Franklin, TN 37069

RE: Credit Facility - Lynwood Utility Corporation

Dear Sir:

First Tennessee Bank would propose the following structure for the Credit Facility we discussed.

- Borrower: Lynwood Utility Corporation
- Guarantor: John Ring
- Loan Amount: \$1,000,000
- Interest Rate: Floating - FTB Base Rate plus 2%
- Terms/Amortization: 5/15 or 10/15 with up to 2' years Interest Only.
- Security: Lynwood Utility Plant and Assignment of Accounts Receivable

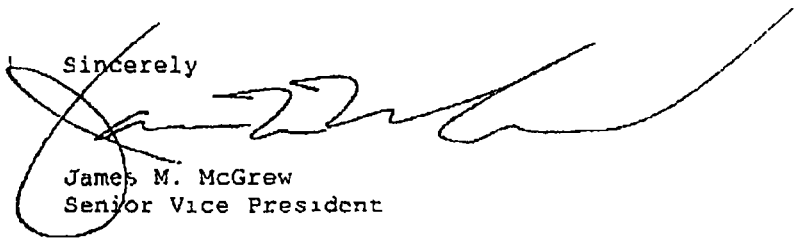
This proposal is for Discussion only, and is not a commitment to finance.

This Credit Facility would be subject to:

- Acceptable Appraisal
- Environment Assessment
- Current Financial Information on Borrower and Guarantor

Should you desire to discuss this further, please contact us.

Sincerely


James M. McGrew
Senior Vice President

First Tennessee Bank National Association
P O Box 100
Franklin, TN 37065 0100
Phone (615) 790-5185



Allen M. Henson

Sr Vice President

February 24, 2005

Lynwood Utility Corporation
Mr John D Ring
Mr Tyler Ring
516 Lake Valley Court
Franklin, TN 37069

Re: Inquiry for funding for Lynwood Utility Corporation

Dear Lynwood Utility Corporation:

We were pleased to meet with you on February 22, and discuss your inquiry for funding in the amount of \$1,000,000.00 to provide long term financing for the Corporation. It is our understanding that should a request for this funding be made, at some point in time, it would be under the following conditions.

- 1 The amount would be \$1,000,000.00.
- 2 The interest rate would be 2% over NYP as posted in the Wall Street Journal and would adjust with Prime on a quarterly basis
- 3 The debt would be amortized over 10 years, with years 1 & 2 being interest only and years 3-9 having interest and \$50,000 principal reduction each year and year 10 being a balloon payment of \$650,000 principal plus interest.
- 4 Collateral would be the all assets of the Corporation, including but not limited to, the real estate, equipment and account receivables, as well as the full personal guarantees of the owners.

Be assured that our Bank would certainly entertain the opportunity to service your financial needs in this matter. We would require complete financial information on the Corporation, including tax returns, balance sheets and income statements. These forms should show the ability to service the debt as structured. The assets of the corporation would need to be appraised and provide evidence of sufficient equity to meet the Bank's standards for this type of loan. Additionally, we would need financial information from the guarantors in the form of tax returns and financial statements, which exhibit the wherewithal to support the debt should the Corporation not be able to do so.

Respectfully,

Allen M. Henson, Sr Vice President

PROMISSORY NOTE
(Term)

\$1,000,000.00

Franklin, Tennessee
_____, 2005

FOR VALUE RECEIVED, the undersigned, **LYNWOOD UTILITY CORPORATION**, a Tennessee corporation, ("**Borrower**"), promises to pay to **TENN. CONTRACTORS, INC.**, a Tennessee corporation, ("**Lender**"), having an address at P.O. Box 314, Franklin, TN 37065-0314, the principal sum of One Million and 00/100 Dollars (\$1,000,000 00), together with interest from date until paid, upon disbursed and unpaid principal balances, at the rate hereinafter specified

The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used (the "**Index**"). If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will occur on a quarterly basis based upon the Index rate as of the first business day of each calendar quarter. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of two (2) percentage points over the Index. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

Repayment of principal and interest shall be as follows:

(a) During the first two (2) years of the loan, interest only in arrears shall be payable on the first day of each calendar quarter;

(b) On the third (3rd) through tenth (10th) years of the loan, accrued interest plus quarterly principal payments of Twelve Thousand Five Hundred and 00/100 Dollars (\$12,500.00) each shall be payable on the first day of each calendar quarter;

(c) From the eleventh (11th) through twentieth (20th) years of the loan, accrued interest plus quarterly principal payments of Twenty Thousand and 00/100 Dollars (\$20,000 00) each shall be payable on the first day of each calendar quarter; and

(d) Entire unpaid principal balance and accrued and unpaid interest shall be due twenty (20) years from the date hereof.

This loan shall be secured by First Deed of Trust on the land and physical assets of Borrower as of December 31, 2004 and twenty percent (20%) of the utility planned additions thereafter

Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's office address shown above, or at such other place as Lender may designate in writing.

During the term of this Note, Borrower shall provide Lender a copy of its annual financial statements for each year on or before April 30th after the end of each calendar year.

Upon default, including failure to pay under final maturity, Lender, at its option, may, if permitted under applicable law, increase the interest rate on this Note to 21.000% per annum. In no event will the effective total interest rate on this Note be greater than the rate permitted by applicable law.

Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

PRIOR TO SIGNING THIS NOTE, THE BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER: LYNWOOD UTILITY CORPORATION

BY: _____
Tyler L. Ring, President

PROMISSORY NOTE
(Line of Credit)

\$1,250,000.00

Franklin, Tennessee
January 1, 2005

FOR VALUE RECEIVED, the undersigned, **LYNNWOOD UTILITY CORPORATION**, a Tennessee corporation, ("**Borrower**"), promises to pay to **TENN. CONTRACTORS, INC.**, a Tennessee corporation, ("**Lender**"), having an address at P.O. Box 314, Franklin, TN 37065-0314, the principal sum of One Million Two Hundred Fifty Thousand and No/100 (\$1,250,000.00) Dollars, together with interest from date until paid, upon disbursed and unpaid principal balances, at the rate hereinafter specified, said interest being payable on the first day of each consecutive month hereafter, commencing January 1, 2005, with the final installment of interest being due and payable concurrently on the same date that the principal balance is due hereunder. The entire unpaid principal balance, plus accrued and unpaid interest, shall be due June 30, 2005; however, the Note shall be renewable, at Lender's discretion, for an additional six months upon the terms and conditions set out herein.

The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime rate as published in the Wall Street Journal. When a range of rates has been published, the higher of the rates will be used (the "**Index**"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of two (2) percentage points over the Index. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis, that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's office address shown above, or at such other place as Lender may designate in writing.

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